

## The Effects of a Republican Default Crisis on VA-04

A recent [report](#) from the JEC Democrats shows how Republican threats to make the U.S. breach the debt limit put the economy, millions of jobs, and vital public programs at risk. The closer Republicans push the U.S. towards defaulting on the national debt, the more likely it is that their political games will drive up costs for families and small business. And Secretary Yellen has made it [clear](#) that the GOP plan to prioritize some debts over others amounts to “default by another name.” Raising the debt ceiling is the simple way to avoid this self-inflicted default crisis and keep costs down for working families.

### Threatening to not raise the debt limit puts benefits at risk

For residents of VA-04, Republican threats to not raise the debt ceiling could have real consequences for families. A default on the debt would:

- Jeopardize Social Security payments for **98,000 families** in VA-04, who do not deserve to be used as political pawns.
- Disrupt roughly **\$164,000,000 a month** in total Social Security income for families in VA-04, making it harder for many of them to make ends meet and threatening the health of the local economy.
- Put health benefits at risk for the **315,000** residents of the district who get their health insurance through Medicare, Medicaid, or Veterans Affairs coverage.

### Republicans’ default crisis will push up costs for families

Even just the threat of breaching the debt ceiling creates uncertainty around whether the U.S. government will pay its bills, which in turn pushes up interest rates and makes borrowing more expensive. During the 2011 debt limit [crisis](#) for example, mortgage rates went up by 70 basis points (0.7 percentage points), and borrowing costs went up for other types of loans as well. If costs rose like that again:

- A typical new homeowner in Virginia would see the costs of their monthly mortgage payment go up **\$150**, costing them an extra **\$54,000** over the life of their home loan.
- Nationwide, a family buying a new car would pay over **\$800** more over the life of a new car loan, and **\$625** more for a used car loan.
- Small businesses around the country would end up paying **\$2,500** more in total loan payments.

### Defaulting on the debt would cause an economic catastrophe

Experts at Moody’s Analytics, a non-partisan financial analysis group, [predict](#) that a default on U.S. debt obligations would trigger a loss of 7 million jobs, push the unemployment rate over 8%, eliminate \$10 trillion in household wealth, and reduce real GDP by almost 4%.

Republicans are using the threat of default to push their extreme agenda. Refusing to raise the debt limit when the stakes are this high is political theater, not governing.